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Sixty-first session

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Fifth Committee

Summary record of the 52nd meeting

Held at Headquarters, New York, on Thursday, 24 May 2007, at 3 p.m.

Chairman: Mr. Yousfi (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 3.10 p.m.

Agenda item 144: Financing of the United Nations peacekeeping forces in the Middle East (continued)

(b) United Nations Interim Force in Lebanon (continued) (A/61/829, A/61/852/Add.16, A/61/870 and Corr.1 and A/61/883)

Agenda item 151: Financing of the United Nations Integrated Mission in Timor-Leste (continued) (A/61/852/Add.17 and A/61/871 and Corr.1)

1. **Mr. Sach** (Controller) introduced the reports of the Secretary-General on the financing of the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Integrated Mission in Timor-Leste (UNMIT), which included the performance report on the budget of UNIFIL for the period from 1 July 2005 to 30 June 2006 (A/61/829), the budget for UNIFIL and the budget for UNMIT for the period from 1 July 2007 to 30 June 2008 (A/61/870 and Corr.1 and A/61/871 and Corr.1) and the comprehensive review of the Strategic Military Cell (A/61/883).

2. The financial performance reports indicated actual expenditure compared to the original appropriations for each mission. The performance report on the budget of UNIFIL for the period from 1 July 2005 to 30 June 2006 (A/61/829) reflected a budget implementation rate of 96.8 per cent. Since UNMIT had only been established on 25 August 2006, pursuant to Security Council resolution 1704 (2006), no performance report was yet available.

3. The proposed budget for UNIFIL for 2007/08 amounted to \$713 million, an increase of 43.7 per cent compared to the original level of appropriations, while the proposed budget for UNMIT amounted to \$153.2 million, a decrease of 17.1 per cent compared to the original level of appropriations.

4. In the budget for UNIFIL (A/61/870 and Corr.1), the proposed resource requirements for 2007/08 reflected the planned full deployment of the Force, while the 2006/07 budget had provided only for a phased deployment. The proposed requirements also reflected the full deployment of 408 international posts and 869 national posts, as well as the application of lower vacancy rates. Lastly, the proposed 2007/08 budget provided for the deployment of nine helicopters and 18 naval vessels for the full 2007/08 period, while the 2006/07 budget had provided for the deployment of

just seven helicopters and 16 naval vessels for only nine months.

5. He then turned to the report of the Secretary-General on the comprehensive review of the Strategic Military Cell (A/61/883), which had been undertaken in response to the request contained in paragraph 14 of General Assembly resolution 61/250 B. The report described the background to the establishment of the Strategic Military Cell, its role, structure and functions, its main activities to date and its relationship with other parts of the Department of Peacekeeping Operations. The report also provided some initial observations on the Cell's significance for the planning of complex United Nations peacekeeping operations.

6. The proposed budget for UNMIT (A/61/871 and Corr.1) reflected decreased requirements under facilities and infrastructure, ground transportation, communications, information technology and other supplies, services and equipment owing to the planned acquisition of prefabricated structures, vehicles and equipment for which provision had been made in the 2006/07 budget, and the planned completion of major construction and renovation projects. Those decreases had been partially offset by the increase in resource requirements with respect to services provided by a level-II hospital for a 12-month period, compared with the provision made for a 6-month period in the 2006/07 budget. Services included hospitalization outside the Mission area, external specialist consultations and laboratory services.

7. By its resolution 1745 (2007), the Security Council had increased the Mission's authorized force strength by up to 140 police personnel. The proposed budget was predicated on the anticipated completion of the presidential and parliamentary elections in Timor-Leste by 30 June 2007 and the resulting withdrawal of the Mission's international and national electoral support staff by the end of the 2006/07 financial period. Should there be any delay in holding the elections, related requirements would be absorbed in the 2007/08 budget. Should any additional resources be required, they would be reported in the performance report for 2007/08. Taking into account General Assembly resolution 61/264, the Mission's share of after-service health insurance provisions drawn from interest and other income, as well as the unencumbered balances for the financial period, would be credited in full to Member States.

8. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the related reports of the Advisory Committee. In its report on UNIFIL (A/61/852/Add.16), the Advisory Committee recommended acceptance of the Secretary-General's proposals. The Advisory Committee had taken account of a number of factors, including the ongoing expansion in the deployment of military personnel and the need for changes in the civilian component of the mission, as proposed by the Secretary-General. Given its earlier view that the cost of providing backstopping requirements at Headquarters should not be charged, even temporarily, to the budgets of peacekeeping operations (A/61/616, para. 13), the Advisory Committee was of the opinion that, in future, costs related to the Strategic Military Cell should be charged to the support account. With regard to quick-impact projects funded through the UNIFIL budget, the Advisory Committee was of the opinion that an analysis of results achieved through such projects should be provided in the context of future budgets.

9. The Advisory Committee's recommendations with regard to UNMIT entailed a reduction of the amount budgeted by \$27,700 and were contained in paragraph 23 of its report (A/61/852/Add.17). The Advisory Committee noted that the Security Council had requested the Secretary-General to submit a report, including recommendations for possible adjustments in the Mission's mandate and strength, within 60 days after the presidential and parliamentary elections in Timor-Leste.

10. The Advisory Committee recommended that UNMIT should conduct an in-depth review of its staffing requirements taking into account its changing operational environment. Consideration should also be given to the strong presence of United Nations agencies, funds and programmes in Timor-Leste and the need to avoid duplicating functions and structures that already existed within the country team. With the downsizing of police personnel and electoral support staff at the conclusion of the elections and the fact that a large part of procurement activity relative to the setting up of the Mission would be completed during 2006/07, the Advisory Committee believed that there would be further opportunities for more efficient use of resources in such areas as procurement, human resources, information and communication technology (ICT) and general services. The Advisory Committee

had also remarked on the continuing serious challenges posed by the Mission's vacancy situation, with vacancy rates in the range of 50 per cent for international and 26 per cent for national staff. It had urged UNMIT and the Secretariat to develop a concerted strategy for ensuring that the Mission had adequate staff levels to accomplish its mandate.

11. **Mr. Taula** (New Zealand), speaking also on behalf of Australia and Canada, expressed strong support for UNMIT and its work in Timor-Leste and paid tribute to the role played by UNMIT and United Nations police in the recently concluded presidential elections. Assisting Timor-Leste with that process, and the forthcoming parliamentary elections, had been an important priority for UNMIT. Other critical elements of its mandate included its assistance to Timor-Leste's governing institutions and its support for a comprehensive security sector review. He was pleased that the UNMIT budget for 2007/08 supported continued emphasis, and in some cases strengthened capacity, in those areas of its mandate.

12. He urged caution when planning for the future of UNMIT, including the eventual drawdown of personnel, especially police, and other substantial changes in the Mission. Security Council resolution 1745 (2007) requested the Secretary-General to submit a report within 60 days after the presidential and parliamentary elections with recommendations for possible adjustments in the mandate and strength of UNMIT. Prior to that assessment, it was premature to consider reductions in police and other personnel. The assessment would also need to take account of the entire mandate of UNMIT, including the capacity-building and public-security responsibilities of United Nations police.

13. Turning to the report of the Advisory Commission (A/61/852/Add.17), he said that the three delegations opposed downgrading any senior UNMIT positions, especially the post of Deputy Police Commissioner, given the importance of the Mission's responsibilities for the institutional development and strengthening of the Policia Nacional de Timor-Leste (PNTL), the security sector review and the desirability of continuity at such an important time.

14. He expressed concern at the continued high vacancy rate at UNMIT and agreed with the Advisory Committee on the need for a concerted strategy to ensure adequate staffing levels. He would appreciate an

update from the Secretariat on the staffing situation, which was not unique to UNMIT and underlined the importance of addressing human resources management reform across the United Nations.

15. Lastly, he expressed concern at the level of unpaid assessments for UNMIT, which left the Mission in a difficult cash position and delayed payment to those Member States providing formed police personnel. He encouraged all Member States to meet their obligations to fund the Mission.

16. **Mr. Tarrisse da Fontoura** (Brazil) said that his delegation supported all the post and non-post resources requested by the Secretary-General for UNMIT. The Mission's budget must be adequate to help the people and Government of Timor-Leste maintain public security and implement the rule of law, maintain stability in border areas, strengthen the justice sector, and make progress on national reconciliation, respect for human rights, poverty eradication and economic development. His delegation therefore endorsed all the resources requested for quick-impact projects, as they would enable the Mission to restore the facilities of the national police, renovate basic community infrastructure, provide clean drinking water and repair school buildings and roads, thereby benefiting the Timorese people and gaining their support.

17. His delegation welcomed the fact that UNMIT and the United Nations agencies, funds and programmes in Timor-Leste had worked together to assist the Government in such areas as democratic governance, electoral assistance, serious crimes and administration of justice.

18. While welcoming the considerable improvement in vacancy rates for civilian staff, he urged the Secretary-General to continue his efforts to reduce overall vacancy rates at UNMIT. Lastly, his delegation endorsed the establishment of a Chief of Staff post at the D-2 level, a Chief Political Affairs Officer post at the D-1 level and a Deputy Police Commissioner for Administration and Development post at the D-1 level.

19. **Mr. Sach** (Controller), responding to the request by the representative of New Zealand, speaking also on behalf of Australia and Canada, for an update on the staffing situation at UNMIT, said that, as at 23 May 2007, 33 out of the 34 military personnel positions had been filled, representing a 97 per cent occupancy rate — or 3 per cent vacancy rate — for those positions. The

vacancy rate for civilian personnel other than civilian police had improved somewhat and, as at 23 May 2007, was about 24 per cent, with 1,519 out of 1,991 authorized positions filled. Further details on the numbers of Professional, Field Service, international, national and local staff could be provided in informal consultations.

Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Investing in the United Nations: for a stronger Organization worldwide: detailed report: Financial management practices (A/61/865 and A/61/920)

Updated financial position of closed peacekeeping missions (A/61/867 and A/61/920)

20. **Mr. Sach** (Controller) recalled that the Secretary-General, in an addendum on financial management practices to his detailed report on investing in the United Nations: for a stronger Organization worldwide (A/60/846/Add.3), had pointed out that the implications of consolidating peacekeeping accounts into a single account included greatly improved liquidity for peacekeeping operations. In its resolution 60/283, the General Assembly had decided to defer consideration of a number of the proposals contained in the report of the Secretary-General, including the proposals on consolidation of peacekeeping accounts and increases in the Peacekeeping Reserve Fund and commitment authority for peacekeeping operations, until the second part of its resumed sixty-first session.

21. The Secretary-General's subsequent report on financial management practices (A/61/865) updated the analysis of the effect of consolidating peacekeeping accounts on reimbursement to contributors of troops and formed police, concluding that an additional \$325.5 million in reimbursements, representing 28 per cent more than the level possible without consolidation, could have been made in 2006. It was important for progress to be made in the matter of consolidation in order to provide a rational framework for the financial management of over \$5 billion in peacekeeping resources.

22. Closely related to that issue, because of the Organization's financial liabilities to Member States, was the Secretary-General's report on the updated financial position of closed peacekeeping missions as

at 30 June 2006 (A/61/867). In the light of his suggestion, made in document A/60/846/Add.3, to consolidate the accounts of most closed and active peacekeeping missions, the Secretary-General had proposed that available cash surpluses from closed missions should be returned to Member States as a one-time exercise, in preparation for consolidation, which would take place on 1 July of the year following a decision of the General Assembly to establish a consolidated peacekeeping account. As at 30 June 2006, the net sum available for crediting to Member States had been \$152.6 million.

23. As a consolidated peacekeeping account would improve overall liquidity, the Secretary-General had also proposed that amounts due to Member States from closed peacekeeping missions with cash deficits should be settled. As at 30 June 2006, the combined deficit in the accounts of closed missions had been \$89.3 million.

24. Following the decision of the General Assembly, in paragraphs 6 and 7 of its resolution 60/274 on the financing of the United Nations Iraq-Kuwait Observation Mission (UNIKOM), that two thirds of the cash balance available in the Mission's accounts as at 30 June 2005 should be returned to the Government of Kuwait and that the remaining balance should be returned to the Member States that had fulfilled their financial obligations to that Mission, the Secretary-General proposed that \$3.7 million should be returned to the Government of Kuwait and that \$1.8 million should be returned to the Member States in question.

25. The General Assembly was invited to take the action indicated in paragraph 13 of the report of the Secretary-General on the updated financial position of closed peacekeeping missions with regard to the consolidation of peacekeeping accounts and the crediting of sums to Member States.

26. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) indicated that the Advisory Committee recommended that the General Assembly should take note of the information contained in the report of the Secretary-General on the consolidation of peacekeeping accounts into a single account (A/61/865). The report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2006 (A/61/867) dealt not only with the updated financial position of the missions, but also with a number of issues related to

the proposal to consolidate peacekeeping accounts into a single account. In that connection, the Advisory Committee stressed that the proposals contained in the report were contingent on a decision by the General Assembly regarding the underlying issue of consolidation of peacekeeping accounts.

27. **Ms. Schwamberger** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Iceland, Liechtenstein, Moldova, Norway and Ukraine, reiterated the European Union's long-standing position that funds contained in the accounts of closed peacekeeping missions, including accrued interest and other income, should be returned in full and without conditions to Member States. The retention of funds owing to the late payment or non-payment of assessed contributions by certain Member States was unacceptable. Previous General Assembly decisions allowing such funds to be withheld had been made on an exceptional basis.

28. The European Union acknowledged the difficulties involved in addressing the frequent shortfalls in cash available. However, cross-borrowing from funds retained in the accounts of closed peacekeeping missions was not a sustainable solution to the Organization's cash flow problems but, rather, a form of subsidy. To ensure sufficient liquidity, the European Union once again called on all Member States to pay their contributions to all peacekeeping operations in full, on time and without conditions.

29. Lastly, she welcomed the fact that the Committee had reverted to the issue of the consolidation of peacekeeping accounts. In principle, the European Union was positively disposed towards the Secretary-General's proposal and looked forward to a substantive discussion and outcome on the item at the current session. However, noting that the Secretary-General's report on the updated financial position of closed peacekeeping missions as at 30 June 2006 (A/61/867) linked the two issues together, she said that the European Union considered separate discussions to be more appropriate and stood ready to make progress on each issue independently.

30. **Mr. Sach** (Controller) said that there was a functional link between the proposal to consolidate peacekeeping accounts into a single account and the

financial position of closed peacekeeping missions. They could not therefore be considered in isolation from each other. If the General Assembly took a decision to establish a single peacekeeping account, liquidity would increase, make it possible to speed the release of funds from closed missions and accelerate reimbursements to Member States without affecting the financial health of the Organization.

Agenda item 117: Programme budget for the biennium 2006-2007 (continued)

Revised estimates resulting from decision S-4/101 adopted by the Human Rights Council at its fourth special session in 2006 (A/61/530/Add.2 and A/61/917)

Revised estimates resulting from resolutions adopted by the Human Rights Council at its fourth session in 2007 (A/61/530/Add.3 and A/61/917)

31. **Ms. Van Buerle** (Director, Programme Planning and Budget Division), turning first to the report of the Secretary-General on revised estimates resulting from decision S-4/101 adopted by the Human Rights Council at its fourth special session in 2006 (A/61/530/Add.2), recalled that, while estimated programme budget implications had been presented to the Human Rights Council at that session in connection with three draft resolutions on the situation of human rights in Darfur, all of those draft resolutions had later been withdrawn. There had been insufficient time to prepare and submit revised programme budget implications prior to the subsequent introduction and adoption of decision S-4/101 of the Human Rights Council. The Human Rights Council had been informed that the General Assembly would be notified of the estimated resources required to implement the decision.

32. The revised estimates amounting to \$347,200, represented the median of the estimates presented to the Human Rights Council at its fourth special session. Although no provision for the activities falling under decision S-4/101 had been included in the programme budget for the current biennium, it was envisaged that the estimated expenditure would be accommodated within existing resources under section 23, Human rights, of that programme budget. The Committee was accordingly requested to take note of the Secretary-General's report.

33. The report of the Secretary-General on revised estimates resulting from resolutions adopted by the Human Rights Council at its fourth session in 2007 (A/61/530/Add.3) had been submitted to inform the General Assembly of the requirements resulting from resolutions 4/4 and 4/8 of the Human Rights Council.

34. Resolution 4/4 on the right to development would give rise to estimated additional requirements of \$74,300 under section 2, General Assembly and Economic and Social Council affairs and conference management; section 23, Human rights; and section 28E, Administration, Geneva, of the proposed programme budget for the biennium 2008-2009, which would be considered by the General Assembly at its sixty-second session. As no provision had been made in that proposed programme budget for the additional requirements in question, the provisions of General Assembly resolutions 41/213 and 42/211 governing the use of the contingency fund would apply.

35. Resolution 4/8 on the follow-up to decision S-4/101 of the Human Rights Council, entitled "Situation of human rights in Darfur", would give rise to estimated additional requirements of \$360,300 under section 2, General Assembly and Economic and Social Council affairs and conference management; section 23, Human rights; and section 28E, Administration, Geneva, of the programme budget for the biennium 2006-2007. As no provision had been made in that programme budget for the additional requirements in question, it was envisaged that they would be accommodated to the extent possible within the resources already appropriated. Any additional expenditure would be reported in the context of the second performance report on the programme budget for 2006-2007.

36. With respect to both Human Rights Council resolutions, the General Assembly was invited to take the action described in paragraph 14 of the Secretary-General's report.

37. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, as noted in the report of the Secretary-General on revised estimates resulting from decision S-4/101 adopted by the Human Rights Council at its fourth special session in 2006 (A/61/530/Add.2), the estimated expenditure for the activities outlined in paragraph 5 of the report was \$347,200 for the biennium 2006-2007, a sum which the Secretary-

General intended to meet from within existing resources. As noted in the report of the Secretary-General on revised estimates resulting from resolutions adopted by the Human Rights Council at its fourth session in 2007 (A/61/530/Add.3), the adoption of Council resolutions 4/4 and 4/8 gave rise to estimated requirements of \$434,600. With regard to resolution 4/8, the Secretary-General intended to accommodate \$360,300, to the extent possible, from within the resources already appropriated for 2006-2007. With regard to resolution 4/4, the amount of \$74,300 projected for the biennium 2008-2009 would be considered in accordance with established procedures under General Assembly resolutions 41/213 and 42/211. The Advisory Committee recommended that the General Assembly should take note of both reports.

38. **Mr. Yamada** (Japan) said that, in connection with the report of the Secretary-General on revised estimates resulting from Human Rights Council decision S-4/101 (A/61/530/Add.2), his delegation understood that additional expenditure would be met from within existing resources under section 23, Human rights, of the programme budget for 2006-2007, as, pursuant to General Assembly resolutions 41/213 and 42/211, the contingency fund could not be utilized in that context. It also understood, therefore, that any additional expenditure would not be reported in the context of the second performance report on the programme budget for 2006-2007. Finally, his delegation supported the recommendations of the Advisory Committee.

Organization of work

39. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that approval of the individual peacekeeping mission budgets was the main priority of the second part of the resumed sixty-first session. The Group was therefore concerned that progress in that regard had been very slow, primarily because the reports on those missions had been introduced late, or — in some cases — had not yet been introduced at all, seriously hampering the Committee's deliberations. Another impediment had been the unconstructive creation of linkages between discussion of the individual missions and other matters, such as cross-cutting issues, the proposed realignment of the Department of Peacekeeping Operations and the support account for peacekeeping operations. While those matters were important, approval of the

individual peacekeeping mission budgets should be given priority. His Group hoped that the coordinators of consultations on the individual peacekeeping accounts would redouble their efforts to bring about a consensus, and it stood ready to work outside normal working hours if necessary.

40. **Mr. Sena** (Brazil) said that his delegation was especially concerned that consideration of the financing of the United Nations Stabilization Mission in Haiti (MINUSTAH) had been postponed until the following week. The Committee should be given sufficient time, including time for informal consultations, to conclude discussion of that item rapidly. Recalling that the Committee must take decisions on other important peacekeeping missions, particularly those in Africa, his delegation also stood ready to work outside normal working hours if necessary.

41. **Mr. Torres Lépori** (Argentina) said that his delegation shared the concerns already expressed by others that the Committee was left with little time in which to conclude its discussions and decisions regarding the budgets of peacekeeping missions, a matter which was of paramount importance to Argentina. In particular, the item on the financing of MINUSTAH was the only one which had yet to be introduced before the Committee. The need to allow time for that item would further shorten the period available for debate.

42. **Mr. Abelian** (Secretary of the Committee) said that the reports of the Advisory Committee on MINUSTAH and the United Nations Logistics Base had been submitted for advance translation at the end of the previous week, with the final versions of the texts following two days before the current meeting. The Department for General Assembly and Conference Management had been working under capacity constraints; in the meantime, the Bureau had provided the Committee with advance copies of both reports, which would be available in all the official languages on the morning of Tuesday, 29 May.

43. **Mr. Traystman** (United States of America) said that his delegation made no linkages between the budgets of the individual peacekeeping operations and other matters, such as cross-cutting issues or the proposed realignment of the Department of Peacekeeping Operations. Recognizing the importance of all peacekeeping matters, his delegation intended to

work hard to conclude the discussions at the current session.

44. **Mr. Wæste** (Germany), speaking on behalf of the European Union, said that he shared the concern at the delayed introduction of reports on peacekeeping matters. However, he understood the size of the burden placed on the Advisory Committee, and had full confidence in the Bureau's ability to find the best solution to the problem. The debate should be as focused as possible, questions should be confined to matters on which clarification was required and no unnecessary linkages should be made between unrelated issues.

The meeting rose at 4.05 p.m.



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Fifth Committee

Summary record of the 53rd meeting

Held at Headquarters, New York, on Friday, 25 May 2007, at 10 a.m.

Chairman: Mr. Yousfi..... (Algeria)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Saha

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Agenda item 119: Improving the financial situation of the United Nations
(continued)

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The meeting was called to order at 10.10 a.m.

Agenda item 119: Improving the financial situation of the United Nations (continued) (A/61/556/Add.1)

1. **The Chairman**, recalling that the Under-Secretary-General for Management had briefed the Committee on the current financial situation of the Organization at its 50th meeting, held on 18 May 2007, said that her statement had been issued as a report of the Secretary-General under the symbol A/61/556/Add.1.

2. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia and Turkey; the stabilization and association process countries Albania, Montenegro and Serbia; and, in addition, Iceland, Liechtenstein, Moldova and Ukraine, said that the European Union wished to underscore that each individual Member State was responsible for paying its assessed contributions in full, on time and without conditions.

3. While the Organization's financial situation in 2006 had been generally better than in 2005, there were reasons for concern. First, the situation of the regular budget was uncertain. Although 139 Member States, including all 27 members of the European Union, had paid their regular budget assessments in full by the end of 2006, 53 Member States owed a total of \$361 million, with over 90 per cent of that sum owed by only three of them. Second, the peacekeeping arrears of almost \$1.9 billion as at the end of 2006 affected peacekeeping operations negatively, and the Organization owed \$1 billion to troop-contributing countries as at the end of 2006.

4. The Organization needed to receive full and timely payments in order to plan and execute the budgets approved by the General Assembly, yet it found itself in a vicious cycle year after year. Unless Member States' payment patterns changed, peacekeeping operations would suffer and troop-contributing countries would continue to face delayed reimbursements. The European Union considered that the retention of funds in the accounts of closed peacekeeping missions owing to late payment or non-payment of assessed contributions by certain Member States was unacceptable.

5. The European Union was aware that peacekeeping assessments were issued separately for each operation and at different periods throughout the

year, and recalled that the Under-Secretary-General for Management, at the Committee's 50th meeting, had referred to the unpredictable nature of the demand for peacekeeping activities. However, some Member States had led by example, by remaining up to date with their contributions for peacekeeping operations.

6. The capital master plan, which the Committee had been discussing since 2000, was extremely important. As the decision-making process had been protracted, with the strategy for the plan adopted in June 2006 and the budget of \$1.9 billion adopted in December 2006, the European Union trusted that the project would be implemented in a timely manner and in accordance with the decisions of the General Assembly. The European Union expected all Member States to pay their assessed contributions to finance the project, and appreciated the fact that 168 of them had thus far made payments totalling \$331 million.

7. The European Union believed that the Organization could not perform its ever-increasing and challenging tasks unless all Member States honoured their commitment to pay assessed contributions in full, on time and without conditions. As the European Union paid a share of about 40 per cent of all assessed contributions to the Organization, it expected the Secretariat to show the same commitment to using Member States' resources in the most accountable, efficient and effective manner.

8. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, emphasized that payment of assessed contributions in full, on time and without conditions was an obligation under the Charter of the United Nations and a shared responsibility of all Member States. Such payment was a prerequisite for the smooth functioning of the Organization and the implementation of all of its mandates.

9. While the Group was encouraged that the Secretary-General had reported an improvement in the Organization's financial position in 2006, it was concerned to note that the position of the regular budget had been weaker in mid-May 2007 than at the same time in 2006, and that unpaid assessed contributions on 31 December 2006, at \$361 million, had been \$28 million higher than one year previously. The Group welcomed the improvement in the financial position of peacekeeping operations. However, it would like the Secretariat to clarify the impact of the

current cash balance on peacekeeping mandates up to the end of 2007.

10. Noting the negative implications of late payment and non-payment of dues for some peacekeeping operations, the Group emphasized that Member States must endeavour to pay assessments in full and on time, as the implementation of peacekeeping mandates was a matter of urgency, peacekeeping operations faced challenges on the ground, and peacekeeping was an inherently unpredictable activity.

11. The Organization owed \$1 billion to countries contributing troops and police and contingent-owned equipment.. That was a matter of deep concern to the Group, as peacekeepers deserved appreciation for their work in often trying circumstances. The Organization must treat full reimbursement to the countries concerned as a financial priority. The Secretary-General and Member States should finalize the relevant memorandums of understanding.

12. The Group welcomed the increase in the number of Member States which had paid their contributions to the international tribunals in 2006, and hoped that that positive trend would continue in 2007, enabling the tribunals to complete their noble mandate in what were difficult circumstances. The Group welcomed the update on the financial situation of the capital master plan, but would also like an update on the progress of its implementation. It hoped that the current trend of payments would continue and that the project would be implemented with no further delays and in accordance with the decisions of the General Assembly.

13. The Group remained committed to strengthening the United Nations and enabling it to implement its mandates as effectively and efficiently as possible. It reiterated its undertaking to meet financial obligations in full, on time and without conditions, and sympathized with those Member States which had been unable to do so because of social and economic conditions beyond their control. It urged all Member States, in particular the major contributor, to recommit themselves to fulfilling their obligations under the Charter.

14. **Ms. Soni** (Canada), speaking also on behalf of Australia and New Zealand, recalled that the Committee was briefed twice every year on the financial situation of the Organization and that twice every year the delegations of Australia, Canada and New Zealand called on all Member States to fulfil their

obligation under the Charter to pay their assessed contributions in full, on time and without conditions. That call had had little effect, and amounts owed to the Organization by its own Members continued to increase. The situation was unacceptable. While Australia, Canada and New Zealand understood that Governments might have difficulty fulfilling each and every domestic and international financial obligation, their own Governments faced similar challenges. Perhaps the Committee should do more to ease such financial burdens by exercising budgetary discipline and prioritization and by eliminating duplication within the Organization.

15. **Mr. Fermín** (Dominican Republic), speaking on behalf of the Rio Group, said that, while the improvement in the Organization's financial indicators in 2006 compared to 2005 was welcome, the situation remained precarious, necessitating recourse to cross-borrowing in order to enable peacekeeping operations and the activities of the international tribunals to continue. His Group understood that the financial health of the Organization was essential to the fulfilment of its mandates. Rio Group members therefore made strenuous efforts to pay on time. However, in some cases, domestic budget problems and urgent needs, including poverty alleviation and humanitarian emergencies had led to delayed payment. In other cases, States had made payments on time at the cost of some sacrifice.

16. Rising arrears in reimbursements to contributors of troops and contingent-owned equipment were a matter of concern. It was therefore important for payments to troop-contributing countries to proceed so that those countries' contingents could continue to take part in peacekeeping operations and fulfil the mandates established. The Group hoped that the positive pattern of contributions to the budgets of the international tribunals in 2006 would continue, welcomed the information which the Under-Secretary-General for Management had provided on the financial situation of the capital master plan, and encouraged Member States to lend their support to ensure that the plan was implemented without delay and in accordance with the decisions of the General Assembly.

17. **Mr. Choi Hong-ghi** (Republic of Korea) said that his delegation was pleased to note that the tendency of Member States to pay their assessments within the year in which they were due had continued in 2006, making the cash resources available as at 16 May 2007 higher

than at the end of 2006, and indicating that more Member States were joining in the noble and worthwhile endeavour of making the Organization financially stronger and healthier.

18. However, it expressed concern that the total unpaid contributions to the peacekeeping budgets had reached over \$1.8 billion by the end of 2006. The chronic problem of arrears could undermine or even jeopardize peacekeeping operations because of restrictions on borrowing from other active peacekeeping missions and on using the Peacekeeping Reserve Fund. Furthermore, as the Organization's debt to Member States was projected to amount to \$589 million by the end of 2007, the financing problem threatened to become a vicious cycle. If Member States were to commit substantial resources to the Organization as needs arose, they must be confident of timely reimbursement.

19. As the Government of the Republic of Korea was fully committed to human rights and the prosecution of international crimes against humanity, it had noted with concern the serious deterioration in the financial position of the international tribunals, with outstanding contributions reaching \$51 million at the end of 2006, compared with \$25 million at the end of the previous year. With regard to the capital master plan, it was disappointed to learn from the Secretariat that only 48 Member States had paid their assessed contributions in full by the deadline of 7 May 2007 and that 24 Member States had made no payments at all. His delegation urged Member States with outstanding commitments to the international tribunals or the capital master plan to fulfil their financial obligations at the earliest possible date. Having paid all its assessed contributions for the regular budget, peacekeeping operations, the international tribunals and the capital master plan that had been due and payable on 16 May 2007, the Republic of Korea was mindful of the task of regularizing the financial situation of the United Nations, and would continue to play its part in making the Organization financially healthy and fully sustainable.

20. **Mr. Afifi** (Egypt) said that his delegation looked forward to the convening, at the current session, of a meeting devoted specifically to developments in the implementation of the capital master plan.

21. As the General Assembly, in its resolution 61/251, had established special arrangements for the

financing of the capital master plan in order to ensure that implementation would not be delayed and that costs would not increase, his delegation looked forward to receiving further details on the contributions received and on the prospects of starting the implementation phase. Having heard nothing more substantive than rumours about the progress of the capital master plan, it was confident that the Secretariat would present a progress report in accordance with the relevant resolution of the General Assembly. Member States, particularly those which had paid their contributions by the established deadline, expected and deserved clear and timely information, despite the short time remaining to the Committee at the second part of the resumed sixty-first session.

22. **Mr. Berti Oliva** (Cuba) said that, despite the slight improvement described by the Under-Secretary-General for Management at the Committee's 50th meeting, the Organization's financial situation remained alarming. Heavy dependence on the receipt of contributions from a small group of Member States caused uncertainty and unpredictability. In the previous two years, the 2005 World Summit Outcome had been referred to frequently in connection with the reform of the Organization, yet a key portion of it — paragraph 161, subparagraph (e) — in which the Member States undertook to provide the Organization with adequate resources in a timely manner and taking into account its mandates, priorities and objectives, as well as the need for budgetary discipline, was never mentioned.

23. The data provided by the Under-Secretary-General for Management showed that the Organization's major contributor had failed to fulfil the undertakings in that paragraph. As at the end of December 2006, it had accounted for 80.6 per cent of the arrears in payments to the regular budget, 35.8 per cent of the arrears in payments to peacekeeping operations and 72.5 per cent of the arrears in payments to the international tribunals. That situation was worse than it had been one year previously. In September 2000, the United States of America had accounted for 81 per cent of the arrears to the regular budget. Seven years later, the situation was much the same. It was unacceptable for that Member State, which had an assessment ceiling of 22 per cent, well below its capacity to pay, to fail to honour its financial commitments to the Organization.

24. Cuba was genuinely committed to the Organization. In March 2007, it had made a full

payment of its capital master plan assessment and a partial payment of its regular budget assessment; the latter would shortly be paid in full. Those payments had been made despite the unfavourable economic situation and financial constraints caused by the strengthening of the 40-year-old United States embargo on the country. As Cuba was prevented from using the United States dollar for international transactions, including the payment of assessments to international organizations, it was constantly exposed to currency fluctuations, and its capacity to pay suffered. Moreover, it was forced to pay United Nations assessments through a third country.

25. The new regulations adopted in early 2006 by the United States Treasury Office of Foreign Assets Control to intensify its pursuit of Cuban assets prevented the country from making direct payments to many international organizations in Geneva, as the dollar-denominated and Swiss franc-denominated current account services which the Union Bank of Switzerland (UBS) had provided for the Cuban banking system had been withdrawn for fear of additional sanctions. One consequence was that, in the first half of 2006, Cuba had been unable to pay contributions to two Geneva-based organizations: the International Telecommunication Union (ITU) and the World Meteorological Organization (WMO), because both organizations held accounts with UBS, which had refused to accept international transfers from Cuba.

26. The same fate had befallen Cuba's payments for meetings relating to the Convention on Certain Conventional Weapons, the Biological Weapons Convention and the Ottawa Convention on anti-personnel mines. As the letter informing it of its arrears had provided the option of paying into the Organization's accounts in Geneva or New York, Cuba had attempted to pay through the Organization's account in New York, only to have its transfer refused. According to the information given to the Canadian bank which Cuba had requested to handle the transfer, the United States would not accept payments originating in Cuba.

27. The situation just described was a further example of the Bush administration's neglect and contempt of the United Nations. It had no qualms about undermining the Organization as long as it was able to maintain its criminal embargo against Cuba. That practice was also a blatant violation of the Convention on the Privileges and Immunities of the United

Nations, of the United States Government's obligation not to hinder the operation of the Organization and of the principle of non-discrimination and equality of States' rights.

28. His delegation was disappointed at the late submission of the report of the Secretary-General on improving the financial situation of the United Nations (A/61/556), as it deserved to be debated carefully and thoroughly in informal consultations and to be properly reflected in a draft resolution. Cuba wished to reiterate its willingness to meet its financial obligations in full, on time and without conditions and its belief that compliance with the legal obligation to finance the Organization was one of the many ways in which Member States could demonstrate their political support for the United Nations.

The meeting rose at 10.55 a.m.